

Financial Report

Terrebonne Parish Fire District No. 8

Gibson, Louisiana

For the year ended December 31, 2012

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Terrebonne Parish Fire District No. 8

For the year ended December 31, 2012

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 8
Gibson, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Fire District No. 8, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Terrebonne Parish Fire District No. 8 as of December 31, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2013 on our consideration of Terrebonne Parish Fire District No. 8's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Gibson, Louisiana,
May 27, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 8

The Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 8's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2012 by \$1,585,304 (net position), which represents a 3.39% increase from last fiscal year.

The District's revenue increased \$62,132 (or 17.68%) primarily due to the increases in ad valorem taxes.

The District's expenses increased \$60,318 (or 20.02%) primarily due to increases public safety expenses.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the District:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is public safety which is comprised of various programs that include construction, maintenance, and operation of fire protection facilities and the prevention and extinguishment of fires.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 9 through 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2012, assets exceeded liabilities and deferred inflows of resources by \$1,585,304. A large portion of the District's net position (38.93%) reflects its investment in capital assets (e.g., vehicles, machinery and equipment, buildings and improvements, land, and furniture). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar
	2012	2011	Change
Current and other assets	\$ 1,376,886	\$ 1,259,697	\$ 117,189
Capital assets	617,181	656,081	(38,900)
Total assets	<u>1,994,067</u>	<u>1,915,778</u>	<u>78,289</u>
Current and other liabilities	<u>73,293</u>	<u>53,246</u>	<u>20,047</u>
Deferred Inflows of Resources	<u>335,470</u>	<u>329,273</u>	<u>6,197</u>
Net Position:			
Invested in capital assets	617,181	656,081	(38,900)
Unrestricted	968,123	877,178	90,945
Total net position	<u>\$ 1,585,304</u>	<u>\$ 1,533,259</u>	<u>\$ 52,045</u>

Governmental Activities

Governmental activities increased the District's net position by \$52,045. Key elements of this increase are as follows:

Condensed Statement of Activities

	For the Year Ended December 31,		Dollar	Total
	2012	2011	Change	Percent Change
Revenues:				
Taxes	\$ 389,750	\$ 319,687	\$ 70,063	21.92%
Intergovernmental				
State revenue sharing	5,560	5,448	112	2.06%
Fire insurance tax	11,990	10,730	1,260	11.74%
Miscellaneous	6,333	15,636	(9,303)	-59.50%
Total revenues	<u>413,633</u>	<u>351,501</u>	<u>62,132</u>	<u>17.68%</u>
Expenses:				
General government	20,200	27,306	(7,106)	-26.02%
Public safety	341,388	273,964	67,424	24.61%
Total expenses	<u>361,588</u>	<u>301,270</u>	<u>60,318</u>	<u>20.02%</u>
Increase in net position	52,045	50,231	1,814	3.61%
Net position, beginning of year	1,533,259	1,483,028	50,231	3.39%
Net position, end of year	<u>\$ 1,585,304</u>	<u>\$ 1,533,259</u>	<u>\$ 52,045</u>	<u>3.39%</u>

In 2012, the District's ad valorem tax revenue increased due to settlements of prior years' taxes filed in protest and increased assessments within the District. Miscellaneous revenue decreased due to the District receiving FEMA revenue in 2011 for flood damages. General Government expenses decreased due to decreases in expenses related to ad valorem tax assessments. Public safety expenses increased due to increases in personal services, insurance, and repairs and maintenance.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental fund balance is \$968,123, which is an increase of \$90,945 in comparison with the prior year. Of the total fund balance, \$4,530 is assigned for subsequent year's expenditures and \$963,593 is unassigned and available for spending at the District's discretion.

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Increase in the amount of ad valorem taxes to better reflect the amount of taxes that were expected to be received.
- Increase in interest income to better reflect the anticipated interest earnings.

Expenditures

- Miscellaneous tax adjustment increased to better reflect anticipated expenditures incurred by the District.
- Repairs and maintenance increased to better reflect anticipated expenditures incurred by the District.

During the year, actual revenues and expenditures were below budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2012, amounts to \$617,181 (net of accumulated depreciation). This investment in capital assets includes vehicles, machinery and equipment, furniture, land, and buildings and improvements (see table on next page).

	<u>2012</u>	<u>2011</u>
Land	\$ 70,416	\$ 70,416
Vehicles, machinery, and equipment	1,022,894	1,665,983
Furniture	6,403	6,403
Buildings and Improvements	<u>716,534</u>	<u>716,534</u>
Totals	<u>\$ 1,816,247</u>	<u>\$ 2,459,336</u>

Major capital asset events during the current fiscal year include the following:

- Disposal of obsolete equipment and vehicles.
- Purchase of a vehicle, mower and various firefighting equipment.

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2012 assessment, which the District will receive, for the most part, in January 2013.
- No major anticipated increase in operating expenditures.
- The budget for capital expenditures has increased due to anticipated remodeling of the Donner Station.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Fire District No. 8, 5121 Bayou Black Drive, Gibson, LA 70356.

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

Terrebonne Parish Fire District No. 8

December 31, 2012

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets			
Cash	\$ 802,607		\$ 802,607
Investments	229,754		229,754
Receivables - taxes	32,177		32,177
Due from other governmental units	312,138		312,138
Deposit	210		210
Capital assets -			
Non-depreciable	-	\$ 70,416	70,416
Depreciable, net of accumulated depreciation	-	546,765	546,765
Total assets	<u>\$ 1,376,886</u>	<u>617,181</u>	<u>1,994,067</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 8,183	-	8,183
Due to other governmental units	65,110	-	65,110
Total liabilities	<u>73,293</u>	<u>-</u>	<u>73,293</u>
Deferred Inflow of Resources	<u>335,470</u>	<u>-</u>	<u>335,470</u>
Fund Balance/Net Position			
Fund balance:			
Assigned			
Subsequent year's expenditures:			
Next year's budget deficit	4,530	(4,530)	-
Unassigned	963,593	(963,593)	-
Total fund balance	<u>968,123</u>	<u>(968,123)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,376,886</u>	<u>(1,376,886)</u>	<u>-</u>
Net position:			
Net investment in Capital Assets		617,181	617,181
Unrestricted		968,123	968,123
Total net position		<u>\$ 1,585,304</u>	<u>\$ 1,585,304</u>

See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION

Terrebonne Parish Fire District No. 8

December 31, 2012

Fund Balance - Governmental Fund	\$	968,123
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Amounts reported for governmental activities in the statement of net position
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 1,816,247	
Less accumulated depreciation	<u>(1,199,066)</u>	<u>617,181</u>

Net Position of Governmental Activities	\$	<u>1,585,304</u>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Terrebonne Parish Fire District No. 8

For the year ended December 31, 2012

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 389,750		\$ 389,750
Intergovernmental:			
State of Louisiana:			
State revenue sharing	5,560		5,560
Fire insurance tax	11,990		11,990
Miscellaneous			
Interest	6,333		6,333
Total revenues	413,633		413,633
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustments and deductions	20,200		20,200
Public safety:			
Personal services	47,719		47,719
Supplies and materials	31,800		31,800
Other services and charges	88,372	\$ 1,843	90,215
Repairs and maintenance	74,901	-	74,901
Depreciation	-	96,753	96,753
Total public safety	242,792	98,596	341,388
Capital outlay	59,696	(59,696)	-
Total expenditures/expenses	322,688	38,900	361,588
Excess of revenues over expenditures	90,945	(90,945)	-
Change in Net Position	-	52,045	52,045
Fund Balance/Net Position			
Beginning of year	877,178	656,081	1,533,259
End of year	\$ 968,123	\$ 617,181	\$ 1,585,304

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Fire District No. 8

For the year ended December 31, 2012

Net Change in Fund Balance - Governmental Fund	\$ 90,945
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	59,696		
Depreciation expense	(96,753)		
Loss on disposal of assets	(1,843)		
		(38,900)	(38,900)

Change in Net Position of Governmental Activities	\$ 52,045
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See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Fire District No. 8

For the year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 318,150	\$ 398,190	\$ 389,750	\$ (8,440)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	5,448	5,560	5,560	-
Fire insurance tax	10,730	11,990	11,990	-
Miscellaneous - interest				
Interest	1,410	6,251	6,333	82
Total revenues	335,738	421,991	413,633	(8,358)
Expenditures				
Current:				
General government:				
Ad valorem tax deductions and adjustments	13,200	42,238	20,200	22,038
Public safety:				
Personal Services	43,850	46,795	47,719	(924)
Supplies and materials	37,150	37,795	31,800	5,995
Other services and charges	81,000	84,109	88,372	(4,263)
Repairs and maintenance	49,300	92,673	74,901	17,772
Total public safety	211,300	261,372	242,792	18,580
Capital outlay	-	42,503	59,696	(17,193)
Total expenditures	224,500	346,113	322,688	23,425
Excess of revenues over expenditures	111,238	75,878	90,945	15,067
Fund Balance				
Beginning of year	1,019,988	877,178	877,178	-
End of year	\$ 1,131,226	\$ 953,056	\$ 968,123	\$ 15,067

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 8**

December 31, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 8 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2012.

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily account and operations of the District continue to be organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources except those that are required to be accounted for and reported in another fund. The General Fund is always a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2012 property taxes which are being levied to finance the 2013 budget will be recognized as revenue in 2013. The 2012 tax levy is recorded as deferred inflows of resources in the District's 2012 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

The statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund is presented to provide a comparison of actual results with the budget.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net position to compute share prices if certain conditions are met.

Investments during the year consisted of LAMP.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Vehicles, machinery and equipment	5-20 years
Furniture	5-20 years
Buildings and improvements	15-40 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

i) Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Equity (continued)

- b. Restricted – Consists of assets and deferred outflows of resources less liabilities and deferred inflows of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or other enabling legislation.
- c. Unrestricted – All other net position that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2012 and for the year then ended, the District did not have or receive restricted resources.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the District’s Board of Commissioners. Commitment may be established, modified, or rescinded only through ordinances or resolutions approved by the District’s Board of Commissioners.
- d. Assigned – amounts that do not meet the criteria to be classified as either restricted or committed by that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

For the classification of Government Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District’s fund balance was classified as assigned and unassigned as of December 31, 2012.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) New GASB Statements

During the year ending December 31, 2012, the District implemented the following GASB Statements:

Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflow of resources, and net position in a statement of financial position and related disclosures.

Statement No. 65, *"Items Previously Reported as Assets and Liabilities."* The statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$ 804,685</u>	<u>\$ 802,607</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2012, \$554,685 of the District's bank balance of \$804,685 was exposed to custodial credit risk. These deposits were uninsured and were not collateralized.

Note 2 - DEPOSITS (Continued)

Investments:

District monies are held in an investment pool maintained by the Parish and is available for use by all funds. The District's portion of this pool is displayed on the Statement of Net Position and Governmental Fund Balance Sheet as "investments".

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts, the Louisiana Asset Management Pool (LAMP) and investment grade (A-1/P-1) commercial paper of domestic corporations.

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy emphasizes maintaining liquidity to match specific cash flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, *investments should be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed on the safety of the principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.* The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of investments or collateral securities that are in the possession of a outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its

Note 2 - DEPOSITS (Continued)

agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by the securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give it participants immediate access to their account balance. Investment in LAMP at December 31, 2012, amounted to \$229,754.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years.

The last reevaluation was completed for the list of January 1, 2012. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2012 was \$10.52 per \$1,000 of assessed valuation on property within Fire District No. 8 for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes. As indicated in Note 1c, taxes levied November 1, 2012 are for budgeted expenditures in 2013 and will be recognized as revenues in 2013.

Note 4 - DUE TO AND FROM OTHER GOVERNMENTAL UNITS

Amounts due to and from other governmental units at December 31, 2012 consisted of the following:

	<u>Due From</u>	<u>Due To</u>
State of Louisiana:		
State revenue sharing	\$ 3,749	
Terrebonne Parish Consolidated Government	-	\$ 65,110
Terrebonne Parish Tax Collector - December, 2012 collections remitted to the District in January, 2013:		
Ad valorem taxes	306,514	-
State revenue sharing	<u>1,875</u>	<u>-</u>
Total	<u>\$ 312,138</u>	<u>\$ 65,110</u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Deletions and Adjustments</u>	<u>Balance December 31, 2012</u>
Capital assets not being depreciated:				
Land	\$ 70,416			\$ 70,416
Capital assets being depreciated:				
Vehicles, machinery and equipment	1,665,983	\$ 59,696	\$ (702,785)	1,022,894
Furniture	6,403	-	-	6,403
Buildings and improvements	<u>716,534</u>	<u>-</u>	<u>-</u>	<u>716,534</u>
Total capital assets being depreciated	<u>2,388,920</u>	<u>59,696</u>	<u>(702,785)</u>	<u>1,745,831</u>
Less accumulated depreciation for:				
Vehicles, machinery and equipment	(1,355,549)	(76,769)	700,942	(731,376)
Furniture	(6,206)	(198)	-	(6,404)
Buildings and improvements	<u>(441,500)</u>	<u>(19,786)</u>	<u>-</u>	<u>(461,286)</u>
Total accumulated depreciation	<u>(1,803,255)</u>	<u>(96,753)</u>	<u>700,942</u>	<u>(1,199,066)</u>
Total capital assets being depreciated	<u>585,665</u>	<u>(37,057)</u>	<u>(1,843)</u>	<u>546,765</u>
Total capital assets, net	<u>\$ 656,081</u>	<u>\$ (37,057)</u>	<u>\$ (1,843)</u>	<u>\$ 617,181</u>

Adjustments are due to a physical inventory of capital assets and a reconciliation to the asset listing.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures at December 31, 2012 consisted of the following:

Vendors	\$ 7,014
Salaries and benefits	<u>1,169</u>
Total	<u>\$ 8,183</u>

Note 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 8 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to board members for the year ended December 31, 2012.

Note 9 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 27, 2013, which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Terrebonne Parish Fire District No. 8
Gibson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Terrebonne Parish Fire District No. 8 (the District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated May 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the District in a separate letter dated May 27, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and others within the District and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Gibson, Louisiana,
May 27, 2013.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 8

For the year ended December 31, 2012

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Terrebonne Parish Fire District No. 8 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2012 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2012.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 8

For the year ended December 31, 2012

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2011.

No significant deficiencies were reported during the audit for the year ended December 31, 2011.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2011.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 8 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2011.

Section III Management Letter

11-01 Recommendation – We recommend that the District publish its minutes in an official journal on a consistent and timely basis.

Managements Corrective Action – Upon notification of this requirement, the District started publishing its minutes in an official journal on a consistent and timely basis. Resolved.

11-02 Recommendation – We recommended that the District develop a standard format and prepare thorough written minutes for all matters discussed at meetings of the governing authority.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
(Continued)

Section III Management Letter (Continued)

11-02 (continued)

Management Corrective Action – Upon notification of this requirement, the District developed a standard format and prepare thorough written minutes for all matters discussed at governing authority meetings. Resolved.

11-03 Recommendation – We recommend that the District comply with the State budget laws by amending its budget to ensure actual expenditures do not exceed budgeted expenditures by five percent or more.

Management Corrective Action – District complied with State law. Resolved.

11-04 Recommendation – We suggest the District record all differences in the bank reconciliation timely.

Managements Corrective Action – Upon notification of the requirement the District recorded all differences in the bank reconciliations in a timely basis.

11-05 Recommendation – We suggest the District adopt the measures required in Louisiana Revised Statue 39:1305 when proposing and adopting budgets. The District may choose to utilize the budget template previously provided which was prepared by the Louisiana Legislative Auditor to ensure compliance with relevant budget law.

Managements Corrective Action – The District utilized the budget template when preparing the budget in order to remain in compliance with state law requirements. Resolved.

11-06 Recommendation – We recommend that the District prepare and include a budget message when adopting the proposed budget.

Managements Corrective Action – A budget message was included when adopting the proposed budget. Resolved.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 8

For the year ended December 31, 2012

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2012.
No significant deficiencies were reported during the audit for the year ended December 31, 2012.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2012.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 8 did not expend federal awards in excess of \$500,000 during the year ended December 31, 2012.

Section III Management Letter

12-01 Recommendation - We recommend that the District be fully collateralized at all times.

Management's Corrective Action – The District will be fully collateralized at all times.

To the Board of Commissioners,
Terrebonne Parish Fire District No. 8,
Gibson, Louisiana.

We have audited the basic financial statements of the Terrebonne Parish Fire District No. 8 (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2012, and have issued our report thereon dated May 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In planning and performing our audit, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represent immaterial noncompliance with certain provisions of laws, regulations, contracts and grants. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters. We previously reported on the District's compliance in our report dated May 27, 2013. This letter does not affect our report dated May 27, 2013 on the basic financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations with the District, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendations.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 27, 2013.

MANAGEMENT COMMENTS

Terrebonne Parish Fire District No. 8

For the year ended December 31, 2012

12-01 Condition – Louisiana Revised Statute 33:2955 and 39:1221-1230 requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes \$250,000 FDIC insurance and the market value of securities purchased and pledged to the political subdivision are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Context – Systematic.

Condition – In prior years the District was collateralized under Terrebonne Parish Consolidated Government. In October 2012, monies exceeding the FDIC insurance amounts were transferred to the District and were not fully collateralized.

Effect – The District was not in compliance with state investments and pledged securities laws.

Cause – The District thought they were collateralized by the Parish.

Recommendation – We recommend that the District be fully collateralized at all times.